

ALTERNATIVE FUELS RESEARCH AND EDUCATION DIVISION

PROPANE ALTERNATIVE FUELS ADVISORY COMMITTEE

April 28, 2004

Minutes

Members present: James Cole, Dan Deaton, Todd Dorris, Anna May Etheredge, Don Lewis, Doug Maclay, Stan Mallory, Tom Nichols, Doug Peck, Kenny Sharpless, Shel Vedlitz, Chris Carter, Joseph Guerrero

Members absent: Paul Biney, Daniel Flores, Paul Fry, Judy Kring

Guests: T. J. Garrido, Randy Geltmeier, R. T. Treviño, Ron Tucker, Bill Van Hoy, Steve Watson, George Welch, Jr., Mike Welch

Staff: Heather Ball, Jackie Burge, Steve Jaeger, Dan Kelly, Carmen Ledesma

In the absence of Chairman Paul Fry, Vice-Chairman Anna May Etheredge called the meeting to order at 9:00 a.m. in the Railroad Commission's Alternative Fuels Training Center, 6506 Bolm Road, Austin. All present introduced themselves.

On motion of Mr. Mallory (second by Mr. Vedlitz), the minutes of the January 21, 2004, meeting were approved without amendment.

Division Director's Report

Division Director Dan Kelly reported as follows:

Delivery-fee collections. Collections for fiscal 2004 through Friday, April 23, totaled \$1,528,057. This amount is six percent below the 12-year average of \$1,625,990 for this date. The April 23 total represents collections since September 1, but does not include complete collections for deliveries made in March. March filings were due Monday, April 26.

Rebate programs. All payments of consumer rebates are current. Applications are coming in close to our projection, at a rate that will equal our budgeted \$1.16 million this fiscal year. Since fee collections may fall short of our \$2.1 million revenue estimate, AFRED will monitor and compare applications and receipts carefully from now through August 31.

RRC events. All three Railroad Commissioners have participated in propane-related media events this year. Commissioner Matthews hosted our fuel-cell event in January in San Antonio, Chairman Carrillo hosted an event on propane agricultural technology on April 7 in College Station, and Commissioner Williams hosted the opening of a new propane refueling station on April 22 at Austin-Bergstrom International Airport.

Training schedule. The busiest training season of the year is right now, since May 31 is the deadline for cardholders with 2004 training or continuing-education due dates. Notices will go out in mid-June to cardholders who have failed to meet a 2004 training or continuing-education deadline. In June holders of category D, F, G, I, J, and K management-level certificates who became subject to continuing-education requirements in August 2003 will also receive notices that their due date for compliance is May 31, 2005.

Forklift training. PERC has approved 20 additional forklift maintenance classes nationwide in the next year. AFRED's Lead Automotive Instructor, Franz Hofmann, who taught two of the six classes last year, will teach the classes in Texas.

Mr. Nichols asked whether participants in this training require a Railroad Commission Category L license. They do not. Category L licenses are required to install LPG fuel systems on engines greater than 25 horsepower, but not to maintain or service such engines.

Grants. Propane fuel cell. The 5 kW fuel-cell demonstration at TransGuide will continue through July 1. A proposal is pending with the Texas Commission on Environmental Quality to continue the demonstration for six additional months. If approved, this would mean the unit would be operational during the U.S. Fuel Cell Council's international Fuel Cell Seminar, which will be held November 1-5, 2004, in San Antonio.

OPD failure modes. PERC has awarded AFRED a \$58,000 grant to have Southwest Research Institute examine why VIA's OPD valves keep failing.

Propane 74-hp tractor. Heather is directing a PERC-funded market study to assess the tractor's commercial potential for John Deere. The results will be available this summer.

Forklift emission testing. Steve and Franz are helping Southwest Research Institute and the PERC Forklift Task Force test propane forklift engines and fuel systems to see whether they can meet EPA's 2007 emission standards using the new transient test cycle. Tests so far have shown that some equipment is substantially cleaner than the 2007 standards require. These results may help the propane industry counter efforts by California air-quality regulators to mandate that all new Class 4 and 5 forklifts be electric.

Marketing/Public Education

Marketing/Public Education Director Heather Ball reported as follows:

Since September, the marketing and public education activities have been prioritized to focus on those with the greatest potential to bring in new gallons or retain gallons.

- Shows: Partnered with 61 propane companies to staff 42 home and garden shows. Marketers reported the shows generated 710 new leads with a potential for 294,450 new gallons.
- Directory: Maintained an updated online directory of propane outlets in Texas for consumers at www.texaspropane.org and published a new printed *Propane Services Directory*. The directory web site sees about 400 hits per day. The builders' section of the directory site is updated quarterly; the next update will be in May. Marketers are invited to send updated information to Heather to be posted on the site.

- www.propane.tx.gov: This new URL is a “mirror” site for the AFRED home page. AFRED’s web site continues to rank No. 1 on the first page of all three major search engines (Google, Yahoo, MSN) for the search terms “propane Texas” and “Texas propane.”
- Community action agencies: The marketing section called or wrote every local community action agency in Texas to facilitate propane consumers’ participation in the federal Low Income Home Energy Assistance Program.
- New posters: Produced six new showroom posters that are available free to marketers and project a tasteful, refined image of propane homes.
- “Duty to Warn” article: Produced an article for *Texas Propane* that explains how AFRED’s free safety materials can help marketers comply with their duty to warn. The section has filled orders from 120 marketers for these materials.
- Earned media: Secured positive press coverage on propane in 66 newspapers, ranging from the *Bosque County News* and *Dalhart Daily Texan* to the *San Antonio Express-News*.
- New builder packet: Heather is assembling materials for marketers to give builders. Stan Mallory and Tom Nichols volunteered to help design the packet.

Rebate update. Jackie Burge reported on rebates paid and reserved through April 27, 2004. Each month this fiscal year the section has processed about \$100,000 in rebate payments. Current rates can be sustained through May and June. July and August rebates will be monitored closely and paid as funds are available.

Jackie urged marketers to tell their customers that rebates are handled on a first-come, first-served basis and budgeted based on actual collections. Marketers should call 800-64-CLEAR or Jackie directly to find out how much money is available. Star Home rebates are counted as paid when they are reserved and will not be denied if the applications comply with all program requirements and are submitted on time. Scheduled completion dates of homes are verified via telephone. Faxed copies of documents are not acceptable under program rules.

Rebate eligibility by BTU total. Bill Van Hoy asked the committee to approve a task force to consider whether to make the criterion for eligibility for a Propane Star Home rebate a certain total BTU of propane appliances installed in the home, rather than whether a certain number of specified propane appliances have been installed. Following general discussion, on motion of Mr. Sharpless (second by Mr. Maclay) the committee unanimously approved the formation of a task force. Volunteering to serve were Messrs. Dorris, Guerrero, Lewis, Maclay, Mallory, Nichols, Sharpless, Vedlitz and M. Welch. The task force will report to the full committee at a later date.

Documenting rebate applications. Jackie said proper documentation of installations is crucial for verification and the integrity of the rebate program. Some supporting documents for consumer rebate applications are submitted in hard-to-use formats and often contain incomplete information. She handed out copies of a form, “Propane Safety Check,” that AFRED’s training section developed to record information about residential customers’ propane systems and suggested that rebate applicants use this form or equivalent, such as an NPGA GAS Check form

or a work order in a pre-approved format, to document their installations and speed processing of rebates.

Mr. Guerrero moved (second by Mr. Nichols) to change the rebate program guidelines to require applicants to document their installations using "Propane Safety Check," GAS Check, a Commission-approved work order, or equivalent. The motion was adopted unanimously.

Manufactured Housing Partnership program. George Welch, Jr., described the Manufactured Housing Partnership program that the Propane Education and Research Council approved on April 2. Manufactured homes make up 13 to 15 percent of the total housing market; percentages are even higher in rural areas. PERC has tapes and CDs available for both propane and manufactured housing sales staff. An early goal should be to an all-propane home on the lot. Right now, most propane homes are special orders.

AFRED will help marketers with this program through its field staff, a lending library of VHS tapes and consumer rebates, for which all manufactured homes are eligible. Consumer rebate information is included in the packets made up for manufactured-housing salespeople.

Clean Cities News. Mr. Deaton distributed the March 2004 issue of the Department of Energy's *Clean Cities News*. The issue includes an article on Clean Fuels USA's new 24-hour refueling station in Bakersfield, California.

Training and Continuing Education

Dan Kelly reported in the absence of Director of Training Thomas Petru, who was at a meeting of the PERC Safety and Training Advisory Committee.

Enrollment for classes in fiscal 2004 to date is slightly lower than last year at this time. The new courses developed last year (3.2, Residential System Installation; 3.11, Residential System Inspection; and 6.1, Regulatory Compliance) have been well received. This year AFRED will develop one new course covering the conversion of appliances to propane.

Research, Development and Demonstration

Research and Technical Services Director Steve Jaeger reported as follows.

- Propane locomotive: A proposal was submitted March 29 to TCEQ to develop a prototype propane locomotive engine, install it in a Motive Power switcher locomotive, and demonstrate it for a year in revenue service at the Port Terminal Railroad Association in Houston.
- Soil pasteurizer: The project is officially completed and a final report has been submitted by the University of Florida; results were not as favorable as we hoped.
- Burner development: Dr. Wayne LePori with Texas A&M is working to commercialize his covered burner, which is 30 percent more efficient than open-flame burners in treating row crops.
- Cotton flame cultivation (Weslaco): The final report has been submitted. It is a consensus among our research partners that using covered burners is the only way to flame weeds economically.

- Multi-state cotton flaming test: The final report has been submitted. The researchers concluded that organic cotton can be economical for flaming if covered burners are used.
- Cotton defoliation: Paul Funk (USDA) has successfully defoliated cotton in a commercial venture. His proposal to build and test a prototype six-row machine, instead of the two-row experimental unit, is pending with the PERC agriculture committee. The defoliator can also be used in vineyards. Steve will participate in additional field tests this summer in the Rio Grande Valley.
- 5 kW fuel cell: The fuel cell has been installed for 90 days at TransGuide in San Antonio. Numerous problems have arisen and been fixed by the manufacturers. AFRED has applied to extend the test period through July 1 at no additional cost. A proposal was also submitted on March 29 to TCEQ to continue the demonstration through December 31.
- PERC forklift emissions testing: Three tested fuel systems have met or exceeded the 2007 emission standards on HD-5 propane. Durability testing of selected systems will start in May at Southwest Research Institute and is expected to last four to six months. Tests with different fuel blends, additives and temperature effects will follow.
- Forklift service class: This summer AFRED will start a new series of forklift training classes. Each class will be one day, hands-on, taught by Franz Hofmann. These classes are funded by PERC.
- Poultry litter flaming: The final report has been received. Flame Engineering has built a commercial version of the poultry litter burner and has received additional PERC funds for testing and demonstrations.
- Soybean flaming: The final report has been received. Flaming of organic soybeans with covered burners is economically attractive. The Texas market is still unknown.
- Stop-fill evaluation: Evaluation of why VIA's motor-fuel OPD valves fail has just started and will continue for the next few weeks at Southwest Research Institute. The engineers will locate failed valves, analyzing failure modes, and recommend remedial actions. This project is funded by PERC.
- Road bed drying project: Steve showed photographs from AFRED's initial tests on IH-10 east of Orange. Soil moisture must be at a specified level before construction proceeds. During the initial tests, 300 measurements were made following burns of different lengths using Dr. LePori's covered burner. Results were good, but the equipment needs to be much larger. TPGA has submitted a proposal to PERC to fund the design and testing of a full-scale prototype. The PERC Research & Development Advisory Committee identified this project as one of its top 10 priorities for investigation. PERC will consider the proposal at its June meeting in Florida.

Technology Forum. Southwest Research Institute has agreed to host a second annual one-day Texas Propane Technology Forum in San Antonio this September. AFRED and TPGA will co-sponsor the event. PERC's research and agriculture committees are interested in participating. Messrs. Cole, Nichols, Van Hoy and M. Welch were named to the steering committee to help plan the

event.

Superstar nominations. Nominations for this year's Propane Superstars awards are due May 31. The awards will be presented on August 3 in San Antonio at the TPGA annual meeting.

New Business

Mr. Guerrero informed the committee about a proposal to convert 800 to 900 households in *colonias* in Hidalgo and Cameron counties from propane to natural gas. The gas utility will pay to run lines from the curb to the house and give the resident a free gas water heater. Money is also available to convert cook stoves. TPGA will invite Mr. Guerrero to district meetings in south Texas to inform area marketers about the proposal.

Mr. Mallory said the cable channel HGTV will give away a home in Tyler that will use propane. The construction of the home has just started. This is good opportunity for marketing the home to the press.

Next Meeting; Adjournment

The committee adjourned at 11:36 a.m. The final meeting of the committee's 2003-2004 term will be held this summer on a date to be announced by the chairman.



Carmen Ledesma